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**MEMBER HOSPITALS**

**Brookhaven Memorial  
Hospital Medical Center**  
East Patchogue

**Catholic Health Services  
of Long Island**

- **Good Samaritan  
Hospital Medical Center**  
West Islip
- **St. Catherine of Siena  
Medical Center**  
Smithtown
- **St. Charles Hospital**  
Port Jefferson
- **St. Francis Hospital**  
Roslyn
- **St. Joseph Hospital**  
Bethpage
- **Mercy Medical Center**  
Rockville Centre

**East End Health Alliance**

- **Eastern Long Island  
Hospital**  
Greenport
- **Peconic Bay  
Medical Center**  
Riverhead
- **Southampton Hospital**  
Southampton

**Long Beach Medical Center**  
Long Beach

**John T. Mather  
Memorial Hospital**  
Port Jefferson

**Nassau University  
Medical Center**  
East Meadow

**North Shore-Long Island  
Jewish Health System**

- **Glen Cove Hospital**
- **North Shore  
University Hospital**
- **Plainview Hospital**
- **Syosset Hospital**
- **Franklin Hospital**
- **Huntington Hospital**
- **Southside Hospital**

**Stony Brook  
University Hospital**  
Stony Brook

**Veterans Affairs  
Medical Center**  
Northport

**Winthrop South Nassau  
University Health System**

- **South Nassau  
Communities Hospital**  
Oceanside
- **Winthrop-University  
Hospital**  
Mineola

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Nassau-Suffolk  
Hospital Council, Inc.

A PUBLICATION ADDRESSING HEALTH  
ISSUES FACING LONG ISLANDERS

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## STATE UPDATE:

### *Hospitals Face Deficit Reduction Plan, Again*

A newly-emerged budget hole of \$315 million is forcing the Paterson administration to consider another round of 1.5 to 2.0 percent in across-the-board Medicaid cuts to hospitals for the remainder of this fiscal year. The budget office's mid-year financial update uncovered the hole that occurred as a result of the continued sluggish economy and higher utilization of Medicaid due to lost jobs and under-employment.

According to the state, these cuts would generate about \$375 million, enough to cover the new budget gap with \$60 million remaining to fund legislative initiatives the Governor previously vetoed.

Governor Paterson has urged lawmakers to return to Albany before year's end, perhaps as soon

as November 29, to close the hole. With several state races still undecided, as well as the leadership of the Senate unknown, political analysts believe it is unlikely that the state legislature will meet to take up this budget issue before Governor-elect Andrew Cuomo steps in.

The Governor has the authority to call lawmakers back into session, but members of the legislature are not required to act on any legislation. One unfinished piece of business – the appropriation of about \$607 million in federal education aid Congress approved in September – also is yet to be resolved.

Long Island's hospitals have endured about \$166 million in Medicaid cuts and taxes since April 2008.

## FEDERAL UPDATE:

### *Health Care Overhaul Interrupted by New Congress?*

When the new Congress meets in January, parts of the health care reform legislation passed in March 2010 will face scrutiny and even change. Given the landscape of the new Congress – a Republican controlled House and Democratic Senate and White House – this historic legislation is most vulnerable to inadequate funding. Many of the newly elected senators and representatives campaigned on the issues of reducing the federal budget deficit and repealing health care reform. Although the president is expected to veto any efforts to repeal the law, we must be prepared for legislative efforts to reduce its funding in the new Congress.

Some areas to watch:

- Medicare sustainable growth rate formula (SGR) was not corrected in reform bill. Physicians face a 23 percent pay cut December 1 and another 1.9 percent cut January 1, 2011.
- Independent Medicare Advisory Panel (IPAB), a 15-member independent panel selected by the president and confirmed by the Senate that sets an upper limit on annual Medicare spending growth.
- The House may use its power through the appropriations process to de-fund or inadequately fund portions of the legislation that require financial support. These include the health insurance exchange programs and the Center for Medicare Innovation. The chamber would have to find payment offsets, however, for any provisions that the Congressional

Budget Office determined would help trim health care costs.

- States' legal challenge to the law's individual mandate clause. Recently, associations representing the nation's hospitals filed a brief opposing the multi-state lawsuit challenging the decision in Florida.
- Potential appeal of provisions onerous to the small business community, such as the filing of a 1099 for transactions greater than \$600.

In the meantime, the lame-duck Congress returned to finish its work on November 15, 2010 and will likely stay in session well into the month of December.

### *In related federal news...*

The president's bi-partisan deficit reduction commission unveiled a plan to trim as much as \$4 trillion over the next decade. Cuts to Social Security benefits by increasing the retirement age to 69 and smaller-than-anticipated annual increases for current recipients are among the recommendations. Gone too would be the popular tax deduction homeowners receive for mortgage interest paid. The many health-care related proposed reductions include cutting Medicare Graduate Medical Education by \$6 billion by 2015, eliminating Medicare coverage for bad debt while giving the Independent Payment Advisory Board increased powers.